

Estimate change



TP change



Rating change



Motilal Oswal values your support in the Asiamoney Brokers Poll 2023 for India Research, Sales, Corporate Access and Trading team. We [request your ballot](#).



Bloomberg	ZENT IN
Equity Shares (m)	226
M.Cap.(INRb)/(USDb)	104.5 / 1.3
52-Week Range (INR)	475 / 202
1, 6, 12 Rel. Per (%)	14/100/59
12M Avg Val (INR M)	506

Financials & Valuations (INR b)

Y/E Mar	2023	2024E	2025E
Sales	48.5	50.9	57.2
EBIT Margin (%)	7.6	13.3	12.8
PAT	3.3	5.5	6.0
EPS (INR)	14.4	24.1	26.1
EPS Gr. (%)	-21.6	68.0	8.2
BV/Sh. (INR)	131.5	144.4	158.4

Ratios

RoE (%)	11.6	17.6	17.4
RoCE (%)	8.6	14.8	14.6
Payout (%)	34.8	40.4	40.4

Valuations

P/E (x)	32.9	19.6	18.1
P/BV (x)	3.6	3.3	3.0
EV/EBITDA (x)	17.2	10.8	9.5
Div Yield (%)	1.1	2.1	2.2

Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	49.2	49.2	49.1
DII	15.8	11.5	14.8
FII	10.5	10.8	16.6
Others	24.5	28.6	19.5

FII Includes depository receipts

CMP: INR461

TP: INR470 (+2%)

Neutral

Margin improves but growth remains a concern

Maintain Neutral on fair valuation

- ZENT reported 1QFY24 revenue growth at 1.3% QoQ in constant currency (CC), in line with our estimate. Deal TCV rose 23% YoY to USD154m but fell 12% sequentially after a seasonal high in 4QFY23. ZENT again surprised on the margin front with a 420bp gain sequentially to 18.7% (est. 15.0%), as it trimmed employee and sales expenses despite revenue growth in 1Q.
- While revenue growth in 1Q was in line with our estimate, the management remains cautious about the near-term demand environment, citing challenges in verticals like H-Tech and Consumer and pressure on discretionary spending. ZENT management does not see the situation improving at least for the next two quarters. Given the challenging near-term macro outlook, especially in key verticals like Hi-Tech, Manufacturing and Consumer (56% of 1QFY24 revenues), we expect FY24 revenue growth to remain muted (est. 2.5% YoY CC). Revenue growth should improve in FY25, as the expanded service portfolio starts delivering on growth. We factor in a modest USD revenue CAGR of 7.5% over FY23-25E.
- On the margin front, the company reported another stellar performance in 1QFY24, with a 420bp sequential improvement in EBITDA margin. Though margin improvement was strong, it was aided by a 100bp one-time gain from R&D credit and a 150bp gain from cuts in sales and marketing expenses, both of which are expected to reverse in 2QFY24. Moreover, 2Q will also see the impact of wage hikes. The management continues to target mid-teens EBITDA margin and reinvest above that level for growth. With strong margin gains, offshore effort shift and moderation in attrition (-390bp), we expect ZENT to deliver 16.8% EBITDA margin in FY24. We increase our FY24/FY25 EBITDA margin estimates to 16.8%/16.3% from 14.7%/15.2%, resulting in an INR EPS CAGR of 35% over FY23-25E (partially on low FY23 base).
- The stock has run up meaningfully (2.3x in last six months) on the back of margin improvement. Given near-term challenges in a significant portion of its portfolio and limited upside on margins, we see current valuations at 18x FY25E EPS fair. Our TP of INR470 implies 18x FY25E EPS. **Retain Neutral.**

Strong margin beat led by sharp opex decline

- Revenue declined 1.6% YoY in CC terms. EBIT grew 115% YoY, while PAT fell 108% YoY.
- Revenue grew 1.3% QoQ in CC terms to USD149.2m (in line). Deal TCV came in at USD 154m (-12% QoQ/+23% YoY).
- EBITDA margin at 18.7% (+420bp QoQ) beat our estimate by 370bp, as employee costs declined 4% QoQ (270bp impact) and S&M declined 18% QoQ (150bp impact).
- PAT at INR1,562m (+31% QoQ) beat our estimate of INR 1,182m, led by operating margin expansion and higher other income.
- Cash and Investments stood at USD233.8m (18% of MCap).

Mukul Garg – Research analyst (Mukul.Garg@MotilalOswal.com)

Research analyst: Pritesh Thakkar (Pritesh.Thakkar@motilaloswal.com) | Raj Prakash Bhanushali (raj.bhanushali@motilaloswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Key highlights from the management commentary

- In BFSI, ZENT saw good growth owing to new deal wins in the past few quarters and as enterprises look for low-cost vendors like ZENT.
- Clients are scaling back on budgets, delaying projects, cutting discretionary spending and reducing scope for projects in Hi-Tech, Manufacturing and Consumer. The management expects the demand environment to remain soft for these verticals. On the other hand, ZENT has a good deal pipeline in these verticals, which could get converted in the near term.
- The near-term demand environment is unlikely to improve over the next two quarters. The management remains optimistic about long-term demand.
- ZENT expects to maintain margins in the mid-teens going forward and re-invest above that level for growth.

Valuation and view

- The weakening global environment and worsening economic conditions in key economies are adding to the challenges faced by the company in near- to medium-term growth recovery.
- The stock is trading at 18x (FY25E), in line with its small-cap peers. We believe ZENT's growth story is already factored into the price and it is trading at full valuation, leaving limited upside potential from its current level. **Maintain Neutral.**

Quarterly performance

Y/E March	FY23				FY24				FY23	FY24E	(INR m)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			Est. 1QFY24	Var. (%/bp)
Revenue (USD m)	156	155	146	148	149	154	157	161	604	621	150	-0.2
QoQ (%)	1.8	-0.6	-5.9	1.1	1.2	2.9	1.9	3.1	6.1	2.7	1.4	-16bp
Revenue (INR m)	12,034	12,346	11,976	12,127	12,272	12,596	12,834	13,235	48,483	50,936	12,292	-0.2
YoY (%)	28.5	17.5	8.6	5.1	2.0	2.0	7.2	9.1	14.2	5.1	2.1	-16bp
GPM (%)	26.6	25.3	27.4	31.9	33.6	32.2	33.2	33.6	27.8	33.1	32.0	162bp
SGA (%)	15.3	16.8	16.1	17.4	14.9	16.8	16.8	16.8	16.4	16.3	17.0	-213bp
EBITDA	1,361	1,054	1,349	1,759	2,301	1,940	2,105	2,219	5,523	8,564	1,844	24.8
EBITDA Margin (%)	11.3	8.5	11.3	14.5	18.8	15.4	16.4	16.8	11.4	16.8	15.0	375bp
EBIT	871	562	852	1,408	1,878	1,499	1,656	1,755	3,693	6,788	1,463	28.4
EBIT Margin (%)	7.2	4.6	7.1	11.6	15.3	11.9	12.9	13.3	7.6	13.3	11.9	340bp
Other income	149	209	183	209	224	139	141	146	750	649	135	65.7
ETR (%)	26.4	26.3	26.1	26.2	25.7	26.0	26.0	26.0	26.2	25.9	26.0	
Adj. PAT	751	568	765	1,193	1,562	1,212	1,330	1,407	3,277	5,510	1,182	32.1
QoQ (%)	-42.1	-24.4	34.7	55.9	30.9	-22.4	9.7	5.8			-0.9	
YoY (%)	-25.6	-39.8	-15.8	-8.0	108.0	113.3	73.8	17.9	-21.2	68.1	57.4	
EPS (INR)	3.3	2.5	3.4	5.2	6.8	5.3	5.8	6.2	14.4	24.1	5.2	31.7

Key performance indicators

Y/E March	FY23				FY24				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue (QoQ CC %)	3.1	1.6	(5.3)	0.4	1.3	2.1	(5.3)	0.4	10.3	
Margins										
Gross Margin	26.6	25.3	27.4	31.9	33.6	32.2	27.4	31.9	27.8	27.8
EBIT Margin	7.2	4.6	7.1	11.6	15.3	11.9	7.1	11.6	7.6	7.6
Net Margin	6.2	4.6	6.4	9.8	12.7	9.6	6.4	9.8	6.8	6.8
Operating metrics										
Headcount	11,559	11,250	10,845	10,563	10,540				10,563	
Attrition (%)	28.1	26.3	22.8	19.8	15.9				19.8	
Offshore Rev.	41.6	42.9	44.7	46.4	48.0				43.9	
Key Verticals (YoY USD %)										
BFSI	78.2	43.3	28.6	18.4	19.9				38.4	
Manufacturing	20.0	6.2	2.9	(7.4)	(10.0)				4.7	
Retail	19.3	(1.4)	(13.0)	(21.0)	(9.8)				(5.5)	
Key Geographies (YoY USD %)										
North America	23.8	11.0	(2.1)	(3.9)	(6.3)				6.5	
Europe	25.9	8.2	3.0	(8.3)	1.6				6.1	
South Africa	10.8	0.1	1.0	4.4	(0.8)				3.9	

Key highlights from the management commentary**Growth and outlook**

- ZENT reported revenue growth of 1.3% QoQ CC, led by Manufacturing and BFSI.
- New service lines, such as experience and advance engineering, are gaining strong traction. ZENT has also launched its generative AI offering, AI Buddy, on the Azure marketplace.
- Order book was strong in 1QFY24 at USD154.2m, aided by multiple new wins and healthy renewals. ZENT saw good traction in new deals from existing clients thanks to cross-selling initiatives.
- Europe saw strong sequential growth on the back of deal ramp-ups.
- In BFSI, ZENT saw good growth owing to new deal wins in the past few quarters and as enterprises look for low-cost vendors like ZENT.
- Clients are scaling back on budgets, delaying projects, cutting discretionary spending and reducing scope for projects in Hi-Tech, Manufacturing and Consumer. The management expects the demand environment to remain soft for these verticals. On the other hand, ZENT has a good deal pipeline in these verticals, which could get converted in the near term.
- The current demand environment remains uncertain amid a softening in spending and delayed decisions from clients. However, ZENT has significantly increased its addressable market in the last few quarters by launching new offerings.
- The near-term demand environment is unlikely to improve over the next two quarters. The management remains optimistic about long-term demand.

Margin performance and outlook

- EBITDA margin improved on account of R&D credit received during the quarter (100bp), improved utilization, efficiency improvements, and resizing of sales and support staff.
- Pyramid rationalization, optimized onsite mix and lower sub-contractor expenses helped ZENT reduce the delivery cost.

- The management indicated that current savings from SG&A will be re-invested for growth.
- The company gave wage hikes at the start of July. The wage hikes were lower compared to last year amid a challenging demand environment.
- ZENT expects to maintain margins in the mid-teens going forward and re-invest above that levels for growth.

Exhibit 1: Emerging vertical saw a sharp drop

Verticals	Contribution to revenue (%)	Growth QoQ (CC)
Hi-Tech	26.2	(3.5)
Manufacturing	12.4	(1.8)
Insurance	16.1	(3.5)
Banking	20.9	10.2
Consumer Services	17.7	10.3
Emerging	6.7	(7.3)

Source: Company, MOFSL

Exhibit 2: Europe was up 7.4% QoQ

Geographies	Contribution to revenue (%)	Growth QoQ (USD)
North America	69.4	(0.1)
Europe	19.2	7.4
Africa	11.4	(0.5)

Source: Company, MOFSL

Exhibit 3: DFS drove the growth in 1QFY24

Service lines	Contribution to revenue (%)	Growth QoQ (USD)
Digital & Application Services (DAS)	81.7	0.1
Digital Foundation Services (DFS)	18.3	2.2

Source: Company, MOFSL

Valuation and view

- The weakening global environment and worsening economic conditions in key economies are adding to the challenges faced by the company in near- to medium-term growth recovery.
- The stock is trading at 18x (FY25E), in line with its small-cap peers. We believe ZENT's growth story is already factored into the price and it is trading at full valuation, leaving limited upside potential from its current level. **Maintain Neutral.**

Exhibit 4: Revisions to our estimates

	Revised estimate		Earlier estimate		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
USD:INR	82.1	82.0	82.2	82.2	-0.2%	-0.2%
Revenue (USD m)	621	698	622	701	-0.2%	-0.5%
Growth (%)	2.7	12.4	2.9	12.8	-20bps	-30bps
EBIT margin (%)	13.3	12.8	11.5	11.9	190bps	90bps
PAT (INR m)	5,510	5,963	4,753	5,533	15.9%	7.8%
EPS	24.1	26.1	20.9	24.3	15.6%	7.4%

Source: Company, MOFSL

Exhibit 5: Operating metrics

	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24
Geographic mix (%)									
USA	70	70	71	70	71	72	70	70	69
Europe	18	18	18	19	18	17	19	18	19
RoW	12	12	11	11	11	11	11	12	11
Service Mix (%)									
Application Management Services	85	85	82	82	82	80	81	83	82
Infrastructure Management Services	15	15	18	18	18	20	19	17	18
Revenue by delivery (%)									
Onsite	58	58	58	56	58	57	55	54	52
Offshore	42	43	42	44	42	43	45	46	48
Client concentration (%)									
Top five	38	35	34	33	33	35	32	34	34
Top six to 10	11	12	13	13	12	11	13	12	11
Top 10	49	47	47	46	45	46	45	46	45
Top 11-20	14	15	14	16	16	15	17	15	17
Top 20	64	62	61	62	61	61	61	61	62
Number of clients (USD m)									
Over USD1m	79	85	81	83	86	87	87	84	87
Over USD5m	24	26	25	27	26	28	28	29	29
Over USD10m	8	10	11	11	13	13	15	14	14
Over USD20m	3	3	4	4	4	3	4	4	4
Client metrics									
Number of active clients	135	143	144	147	147	146	148	148	147
Employee metrics									
Total headcount	9,512	10,375	10,641	11,839	11,559	11,250	10,845	10,563	10,540
Gross employees added during the period	1,508	1,545	1,416	2,331	1,220	1,194	593	552	654
Utilization	80.4	83.3	79.9	81.5	80.7	80.7	77.6	81.4	82.5
Attrition	18.1	23.2	26.7	27.9	28.1	26.3	22.8	19.8	15.9

Source: Company, MOFSL

Financials and valuations

Income Statement							(INR m)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Sales	30,058	38,988	40,102	36,681	42,437	48,483	50,936	57,242
Change (%)	(1.6)	29.7	2.9	(8.5)	15.7	14.2	5.1	12.4
Cost of Services	21,220	27,626	28,756	24,417	29,214	35,000	34,052	38,115
SG&A Expenses	5,254	6,283	6,310	5,422	6,659	7,960	8,321	9,788
EBITDA	3,583	5,079	5,037	6,842	6,564	5,523	8,564	9,338
As a percentage of Net Sales	11.9	13.0	12.6	18.7	15.5	11.4	16.8	16.3
Depreciation	651	894	1,567	1,732	1,849	1,830	1,776	2,003
Interest	227	373	605	536	354	278	253	286
Other Income	202	502	435	367	907	642	898	1,009
Forex	463	291	449	-113	470	386	5	0
PBT	3,370	4,604	3,749	4,828	5,738	4,443	7,437	8,058
Tax	1,013	1,310	1,038	1,261	1,525	1,166	1,927	2,095
Rate (%)	30.1	28.5	27.7	26.1	26.6	26.2	25.9	26.0
Minority Interest	50	51	82	70	53	0	0	0
Net Income	2,306	3,243	2,629	3,497	4,160	3,277	5,510	5,963
Change (%)	-1.8	40.6	-18.9	33.0	19.0	-21.2	68.1	8.2

Balance Sheet							(INR m)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Share Capital	450	450	451	451	452	453	453	453
Reserves	16,239	18,973	20,900	23,423	26,417	29,309	32,240	35,413
Net Worth	16,689	19,424	21,351	23,874	26,869	29,762	32,693	35,866
Loans	60	2,578	2,886	-	0	0	0	0
Other liabilities	906	924	4,008	3,526	3,544	2,866	2,866	2,866
Capital Employed	17,655	22,925	28,244	27,401	30,413	32,628	35,560	38,732
Net Block	5,976	9,617	13,340	11,330	12,858	11,735	10,759	9,555
Other LT Assets	2,356	1,898	2,039	3,076	3,226	6,291	6,358	6,529
Curr. Assets	14,624	19,360	20,576	19,928	22,628	23,184	27,244	32,526
Current Investments	1,302	454	2,670	7,410	5,141	7,045	9,045	11,045
Inventories	1,060	985	941	0	0	0	0	0
Debtors	6,423	8,762	6,656	5,888	7,967	7,298	8,373	9,410
Cash and Bank Balance	5,137	3,259	5,258	3,492	5,054	4,744	5,521	7,234
Other Current Assets	702	5,901	5,051	3,138	4,466	4,097	4,304	4,837
Current Liab. and Prov.	5,301	7,951	7,711	6,933	8,299	8,582	8,801	9,878
Trade payables	1,839	3,010	2,650	2,201	3,164	2,772	2,697	3,019
Other liabilities	3,461	4,941	5,061	4,732	5,135	5,810	6,104	6,860
Net Current Assets	9,323	11,409	12,865	12,994	14,329	14,602	18,443	22,647
Application of Funds	17,655	22,925	28,244	27,401	30,413	32,628	35,560	38,732

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
EPS	10.1	14.3	11.7	15.3	18.3	14.4	24.1	26.1
Cash EPS	13.0	18.2	18.6	22.9	26.5	22.4	31.9	34.9
Book Value	74.2	86.3	96.3	105.7	119.0	131.5	144.4	158.4
DPS	7.0	2.8	2.8	6.4	5.0	5.0	9.7	10.5
Payout (%)	69.0	19.6	24.0	41.8	27.3	34.8	40.4	40.4

Valuation (x)

P/E ratio	46.6	33.2	40.5	30.9	25.8	32.9	19.6	18.1
Cash P/E ratio	36.4	26.0	25.4	20.7	17.9	21.1	14.8	13.6
EV/EBITDA ratio	27.9	20.7	19.8	14.0	14.7	17.2	10.8	9.5
EV/Sales ratio	3.3	2.7	2.5	2.6	2.3	2.0	1.8	1.6
Price/Book Value ratio	6.4	5.5	4.9	4.5	4.0	3.6	3.3	3.0
Dividend Yield (%)	1.5	0.6	0.6	1.4	1.1	1.1	2.1	2.2

Profitability Ratios (%)

RoE	14.7	18.0	12.9	15.5	16.4	11.6	17.6	17.4
RoCE	12.5	15.3	10.6	14.1	12.0	8.6	14.8	14.6

Turnover Ratios

Debtors (Days)	78	82	61	59	69	55	60	60
Fixed Asset Turnover (x)	5.7	5.0	3.5	3.0	3.5	3.9	4.5	5.6

Cash Flow Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
CF from Operations	3,298	4,183	4,508	5,432	5,774	5,030	6,637	7,243
Cash for Working Capital	-1,385	-2,622	2,354	3,148	-2,427	2,113	-1,130	-663
Net Operating CF	1,913	1,561	6,862	8,580	3,347	7,143	5,507	6,580
Net Purchase of FA	-515	-517	-781	-393	-373	-334	-800	-800
Free Cash Flow	1,398	1,043	6,081	8,187	2,974	6,809	4,707	5,780
Net Purchase of Invest.	-1,050	-1,894	-2,372	-4,890	400	-4,941	-1,097	-991
Net Cash from Invest.	-1,565	-2,411	-3,153	-5,283	27	-5,275	-1,897	-1,791
Proc. from equity issues	26	14	15	15	32	4	0	0
Proceeds from LTB/STB	-922	-376	-502	-4,505	-1,260	-1,058	-253	-286
Dividend Payments	-626	-633	-1,228	-271	-881	-1,132	-2,579	-2,791
Cash Flow from Fin.	-1,522	-995	-1,714	-4,761	-2,109	-2,186	-2,832	-3,077
Exchange difference	315	-32	4	-20	14	8	0	0
Net Cash Flow	-859	-1,877	1,999	-1,483	1,279	-310	777	1,712
Opening Cash Bal.	5,996	5,137	3,259	5,258	3,775	5,054	4,744	5,521
Add: Net Cash	-859	-1,877	1,999	-1,483	1,279	-310	777	1,712
Closing Cash Bal.	5,137	3,259	5,258	3,775	5,054	4,744	5,521	7,233

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>. MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered/qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisers Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI:

ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dp@grievances@motilaloswal.com.